



November 14, 2006

SUBJECT: RENEWAL OF CONTRACTS FOR DENTAL INSURANCE FOR CALENDAR YEAR 2007 AND VISION INSURANCE FOR CALENDAR YEARS 2007 AND 2008

REPORT IN BRIEF

Approval is requested for the renewal of a one-year contract between the City of Sunnyvale and Delta Dental and the renewal of a two-year contract between the City of Sunnyvale and Vision Service Plan, effective January 1, 2007.

Delta Dental's proposal includes a 3% decrease in premium rates over the 2006 contract year, resulting in savings of \$19,292 for the 2007 plan year. Vision Service Plan's proposal presents no increase over the 2006 plan year and a rate guarantee through December 31, 2008.

BACKGROUND

As part of its benefits' package, the City of Sunnyvale provides all regular full and part time employees and City Council members with comprehensive dental and vision benefits. With the exception of employees represented by the Public Safety Officers Association (PSOA) and the Communication Officers Association (COA), dental insurance is provided through the City's contract with Delta Dental. Pursuant to the PSOA and COA Memoranda of Understanding, the City provides payment for an alternate Delta Dental plan through their respective Associations, however, vision insurance is provided to all eligible City employees through Vision Service Plan.

EXISTING POLICY

Legislative/Management, Sub-element Policy 7.3D.1a – Maintain a competitive pay and benefits package for employees. Additionally, the current Memoranda of Understanding for SEA, PSOA, COA and SEIU and the Salary Resolution for unrepresented employees and City Council members specify that the City provide dental and vision benefits.

DISCUSSION

Through Alliant Insurance Services, the City participates in a large public employer purchasing pool consisting of cities, counties, schools and special districts. Alliant Insurance Services has leveraged its size and expertise in the public sector market to provide exclusive programs for public agencies at very competitive prices.

Alliant Insurance Services successfully negotiated a renewal with Delta Dental that includes a 3% decrease in premium rates over the 2006 contract year, resulting in savings of \$19,292 for the 2007 plan year. Additionally, negotiations with Vision Service Plan resulted in no increase over the 2006 plan year premiums and a rate guarantee through December 31, 2008. Participation in the public employer purchasing pool and favorable claims experience has resulted in the City's ability to maintain the same level of benefits at a reduced cost.

FISCAL IMPACT

The fiscal impact includes an estimated savings of \$19,292 for the 2007 calendar year. Funding for dental and vision benefits has been provided for in the Employee Benefits Fund for Fiscal Year 2006/2007.

CONCLUSION

Based on the information set forth in this report, the conclusion is that it would be beneficial for the City to renew the contracts with Delta Dental, at a reduced cost, and Vision Service Plan, at the same cost as the 2006 plan year.

PUBLIC CONTACT

Public contact was made through posting of the Council agenda on the City's official notice bulletin board, posting of the agenda and report on the City's web page, and the availability of the report in the Library and the City Clerk's Office

ALTERNATIVES

1. Adopt the resolutions authorizing renewal of the dental insurance contract with Delta Dental Plan for the period January 1, 2007 through December 31, 2007 and renewal of the vision insurance contract with Vision Service Plan for the period January 1, 2007 through December 31, 2008.
2. Do not authorize renewal of the Delta Dental Plan and Vision Service Plan contracts and direct Alliant Insurance Services to seek other proposals.

RECOMMENDATION

Staff recommends approval of Alternative #1: Authorize renewal of the dental insurance contract with Delta Dental Plan for the period January 1, 2007 through December 31, 2007 and renewal of the vision insurance contract with

Vision Service Plan for the period January 1, 2007 through December 31, 2008.

Reviewed by:

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Approved by:

Amy Chan

City Manager